IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

TTAB Exhibits

MARION SAKOW, individually and on behalf of 633 SEAFOOD REATURANT, INC.,	:	
Petitioner,	:	**Cancellation No. 92040184**
- against -	:	**Registration No. 1682271**
2427-2429 SEAFOOD RESTAURANT, CORPORATION,	:	
Registrant - Respondent.	:	

MOTION FOR SUMMARY JUDGMENT OR TO STAY PROCEEDINGS

Registrant-Respondent 2427-2429 Seafood Restaurant Corp., by its attorneys, hereby submits its memorandum of law in support of its motion, pursuant to Rule 56 of the Federal Rules of Civil Procedure and Sections 2.127, 2.117, and 2.116 of the Rules of Practice of the Patent and Trademark Office, (i) for summary judgment dismissing the petition for cancellation herein or, in the alternative, (ii) to suspend the instant proceedings on the grounds that a pending prior civil action between the parties may be dispositive hereof and (iii) for such other and further relief as the Board may deem appropriate.

Preliminary Statement

Petitioner herein, and her husband, having been embroiled in litigation with the registrant and its principals for more than four (4) years in the Supreme Court of the State of New York, County of New York, have now filed the instant cancellation petition in a blatantly overt attempt to sidestep decisions which have been made, and which are pending, in the state court actions. Simply, having failed to achieve its immediate goals in the state court, petitioner now,

despite the incomprehensible passage of almost **ten (10) years** from the registration and **seven (7) years** from her first knowledge of the existence of the trademark at issue herein, hopes to gain a strategic advantage over registrant and its principals in the state court actions by seeking the cancellation of a long-established mark. Equally as startling is the commencement of this administrative proceeding almost **five (5) years** after the death of the only party who could refute the petitioner's bald and conclusory claims of an oral agreement with respect to the mark - **an agreement which was said to have occurred over fifteen (15) years ago.** This belated attack on the mark should not be allowed under these circumstances, or, at the very least, the instant proceeding should be suspended to allow the civil action to proceed to its conclusion.

Statement of Facts

The facts and documents relevant to the instant motion are attached to the accompanying Affidavit of Victor Rivera Jr., sworn to March 17, 2002 (the "Rivera Aff.").

In 1985, Howard Levine ("Levine"), Barry Corwin ("Corwin"), and Arthur Cutler ("Cutler") incorporated the registrant for the purposes of opening and operating a seafood restaurant in New York, New York to be known as "DOCKS OYSTER BAR & SEAFOOD GRILL" ("Docks I"). Rivera Aff., Exh. H, ¶ 6. Petitioner never has been an owner of stock or any interest in registrant. Id.

In 1987, after Docks I had been open for two (2) years, Cutler invited Walter Sakow ("Sakow"), the husband of petitioner, to become a principal of a corporation which would operate a second restaurant. Id., Exh. H, ¶ 8. All negotiations with respect to Sakow's participation in the venture were conducted solely and exclusively between Sakow and Cutler. Id., Exh. A at 93/12 - 24. During these negotiations, however, the rights to the "Docks" name,

which already had been in use for two (2) years, was not discussed. Id., Exh. A at 190/5 - 192/21. Subsequent to the negotiations, a new corporation, 633 Seafood Restaurant Inc. ("633 Seafood"), was organized to own and operate the restaurant and petitioner, as a designee of Sakow, joined Levine, Corwin, and Cutler as the sole shareholders thereof.

In 1988, **prior to the opening of the second restaurant**, registrant applied for the registration of the service mark "DOCKS OYSTER BAR & SEAFOOD GRILL®" and design (the "Mark") in its own name. Id., Exh. A at 559/23 - 561/6. In 1992, the Mark was registered without any opposition in the name of the registrant.

In 1989, petitioner and her husband commenced a breach of contract action against 633 Seafood, Sakow et ano v. 633 Seafood Rest. Corp., N.Y. Sup. Ct. Index No. 18260/90 (the "Breach Action"), at which trial testimony was offered by each of petitioner, Sakow, and Cutler with respect to the Mark. Id., Exh. A. Indeed, inasmuch as the registration was introduced as an exhibit during the trial of the Breach Action, the very latest that petitioner may claim she was aware of the registration of the Mark in registrant's sole name was October 1994, over seven (7) years ago. Id., Exh. A at 561/8 - 20.

In June 1997, almost three (3) years after petitioner had become aware of the registration of the Mark, Cutler died, touching off a dispute between the petitioner and Sakow, on one hand, and Levine, Corwin, and Cutler's estate over (i) the disposition of Cutler's shares in 633 Seafood and (ii) the operation, management, and control of Docks II. Id., Exh. H at ¶¶ 10 - 13. When the parties could not resolve their disputes, petitioner, in December 1997, commenced two actions in the New York Supreme Court, County of New York: Sakow v. 633 Seafood Rest. Corp., et al., N.Y. Co. Index No. 606626/97, an action seeking, *inter alia*, damages

from 633 Seafood, Levine, Corwin, Cutler's estate and the registrant for alleged malfeasance in the operation of Docks II and the misappropriation of corporate assets (the "Shareholder Action"), and Matter of Sakow, N.Y. Co. Index No. 606627/97, a special proceeding seeking the dissolution of 633 Seafood and the sale of Docks II (the "Dissolution Action"). Id., Exhs. B, C.

In November 1998, the New York Court denied petitioner's request for dissolution and instead ordered that the parties in the Dissolution Action proceed to a valuation herein wherein all of the rights of petitioner in 633 Seafood would be determined and valued. Id., Exh. E. Despite having this opportunity, petitioner, as is shown below, elected to forego further proceedings and did not take any action in the Dissolution Proceeding or the Shareholder Derivative Action until the Spring of 2001. Id., Exh. H, ¶¶ 16 - 21.

In October 1998, registrant commenced an action in the United States District Court for the Southern District of New York, 2427-2429 Seafood Rest. Corp. v. Sakow et ano., SDNY Index No. 98 Civ. 7632, wherein registrant sought a declaratory judgment of sole ownership of the Mark (the "Mark Litigation"). Id., Exh. D. The action was made necessary by petitioner's September 1998 objection to registrant's attempt to license the Mark for use by another restaurant in Florida. In its November 1999 answer to the complaint in the Mark Litigation, petitioner and her husband alleged for the first time that the Mark was owned in part by her and 633 Seafood. Id., Exh. D, Answer at ¶ 18. In February 1999, the Mark Litigation was dismissed via a settlement between the parties which did not address the merits of the controversy.

In April 2001, after three (3) years of relative quiet in the Dissolution and Shareholder Actions, Levine and Corwin indicated to petitioner that they had entered into

agreements to sell both restaurants. Id., Exh. H at ¶ 22. In response to the request, petitioner refused to approve the deal and the deal was lost. Id., Exh. H at ¶ 27. In late July 2001, however, Levine and Corwin again resurrected the deal for both restaurants, but petitioner again refused to approve the deal, stating that she would object to **any** deal unless she received an amount of money equivalent to that received by Levine and Corwin. Id., Exh. H at ¶¶ 26 - 28.

Significantly, in September 2001, petitioner was advised that, inasmuch as registrant was the sole owner of the Mark, she was not entitled to any fees generated by the license for the Mark to be granted to the proposed purchaser. In response, petitioner conclusorily stated that she claimed an interest in registrant and therefore was a part owner of the Mark. Id., Exh. G.

In October 2001, Corwin and Levine moved in the Dissolution Action for an order allowing the sale of both Docks I and II and ordering the parties to proceed to a valuation hearing. In her papers in opposition to the motion, petitioner repeatedly pointed to the proposition that 633 Seafood "has equal rights" to the Mark and that petitioner was a "beneficial owner" of 25% of registrant. Id., Exh. I at ¶ 60, Exh. J at ¶ 11. Moreover, at oral argument before the Honorable Richard B. Lowe III, petitioner's attorney in the Dissolution Action and the Shareholder Action argued that there "are substantial issues about who owns the trademark." Id., Exh. K at 27/10 - 15.

On October 31, 2001, the court granted Corwin and Levine's motion in its entirety. The day **after** the Court issued its order, petitioner filed (i) the instant petition for cancellation of the Mark and (ii) a Notice of Appeal (the "Notice") in the Dissolution Action claiming that the orders of the New York Court were erroneous. Id., Exhs. L, M. Of note to this

Board is the statement contained in the Notice indicating that appellate review was necessary because, *inter alia,* the state court had not had a hearing to determine "the issue of who owns the Docks Oyster Bar & Seafood Grill trademark...." Id., Exh. L.

Discovery in the Dissolution Action and the Shareholder Action, which have been consolidated for all purposes has gone forward and the valuation hearing, which is expected to encompass all of the issues raised by petitioner with respect to the value of her shares in 633 Seafood, including whether or not the mark belongs solely to registrant, is to take place after discovery is completed. Rivera Aff., ¶ 9.

ARGUMENT

I

PETITIONER CANNOT PREVAIL ON HER CLAIM

The instant cancellation proceeding represents merely the latest front in a long-standing war between the parties hereto, as well as a blatant attempt to shift the issue of the determination of the ownership of the Mark to the Board from a thus far unfavorable venue for petitioner. A review of the petition, as well as the facts which underlie the petition, however, reveal that petitioner cannot hope to meet her burden of proving that the registration was procured by fraud, or that she has any rights to the Mark.

Petitioner claims that her rights to the Mark arise out of an oral agreement between her husband and Cutler. Petition, ¶ 6. This argument is quite convenient inasmuch as (i) no document now exists or has ever existed which evidences the alleged agreement with respect to the Mark and (ii) Cutler, the only person who could contradict Sakow's version of the oral negotiations in 1986, has now been dead for almost five (5) years! Notwithstanding the

obvious disadvantage in which petitioner attempts to place registrant, Cutler's sworn testimony on the subject of the negotiations surrounding the Mark, subject to cross-examination by petitioner's attorneys, exists and completely contradicts petitioner's husband on this subject.

In the Breach Action, Cutler testified at the 1994 trial that:

(i) the application for the Mark had been filed prior to the opening of Docks II. Rivera Aff., Exh. A at 559/23 - 561/6;

(ii) registrant owned the Mark. Id. at 559/7 - 9, 561/23 - 562/2; and

(iii) Sakow had no interest in Docks. Id. at 557/9 - 14)

Cutler further testified that the deal which materialized from his negotiations with Sakow simply was that Sakow "was going to put up all the money that was necessary to build Docks Two. Two-thirds of all the money was going to be returned to him as a loan, one-third of the money was his investment, his payment for stock in the company. That was the deal." Id., Exh. A at 570/22 - 571/16. Contrary to petitioner's current position, there were no negotiations about the Mark.

Surprisingly, Sakow's own testimony at the 1994 trial does not refute this view. When he was on the stand, Sakow testified that:

(i) he never had any discussions with either Levine or Corwin about the Docks II project. Id., Exh. A at 93/15 - 24;

(ii) he was more interested in investing in a "successful" restaurant than investing in a "Docks" restaurant. Id. at 179/21 - 180/7;

(iii) he did not inquire as to the ownership of the "Docks" name. Id. at 190/14 - 24;

(iv) he did not ask Cutler if he had the authority to use the "Docks" name for Docks II and assumed that there was no problem using the name. Id. at 190/25 - 191/19; and

(v) the use of the name "Docks" for the restaurant was not a "big part" of his discussions with Cutler. Id. at 191/20 - 192/21.

Not surprisingly, given that the petitioner is not alleged to have had any negotiations of her own with Cutler, her own 1994 testimony confirmed that only Cutler and Sakow could have been aware of the precise terms of any negotiations between them with respect to the Mark. Id., Exh. A at 435/7 - 436/6.

In sum, in 1994, eight (8) years after the alleged negotiations, both Cutler and Sakow testified that the Mark was not a big part of negotiations which created the terms for petitioners ownership of shares in 633 Seafood.

It was not until November 1999, five (5) years after petitioner first knew of the registration of the Mark in registrant's sole name, and more than two (2) years after Cutler's death, that petitioner first claimed an ownership interest in the Mark. In the Mark Litigation, Sakow's memory of the details of his negotiation with Cutler improved markedly. Sakow testified in the Mark Litigation that he and petitioner were entitled to all of the rights and privileges of the Docks name and in any future restaurants using the name. Id., Exh. F at 7/4 - 8/22. This, of course, was in stark contrast to his testimony five (5) years earlier when he stated that the name "Docks" was not a "big part" of his discussions. Incredibly, when asked if he commenced any proceeding to cancel the Mark after learning about its registration in 1994, Sakow testified that he did not think so, but that he was not sure. Id., Exh. F at 11/2 - 12. **Surely, if Sakow was sure that petitioner was a part owner of the Mark, the revelation at trial of the registration of the Mark in the sole name of registrant should have spurred some action.** In this regard, petitioner's silence is deafening.

As late as Fall of 2001, when the Dissolution and Shareholder Actions become active again, Sakow's testimony changed for yet a third time with respect to the Mark. This time, fourteen (14) years after the negotiations occurred, seven (7) years after first learning of the Mark, five (5) years after Cutler's death, and two (2) years after testifying in the Mark Litigation, Sakow stated that the agreement with Cutler involved petitioner's ownership of the Docks name and Mark and that the Docks II was to be the flagship of a franchising operation which petitioner would share in. Id., Exh. J, ¶ 5. Surprisingly, Sakow testified in this instance that he negotiated both with Cutler and Levine and Corwin. Id., Exh. J, ¶ 3. This, of course, is contrary to what he had stated under oath on two earlier occasions, when he stated that he only had negotiated with Cutler. Id., Exh. A at 93/15 - 24; Exh. F at 7/11 - 19.

Upon a review of the sworn testimony which preceded the instant Petition, two things are evident. The sworn testimony of Cutler with respect to the Mark did not show that any rights thereto were granted to petitioner. **On the other hand, over a period of seven (7) years, Sakow's testimony has gradually expanded from 1994 statements that the Mark was not a big issue in negotiations because the name was not important to his more current statements that rights to the Mark were specifically negotiated and were a fundamental reason for petitioner's participation in 633 Seafood.**

It also is telling that the change in the nature of Sakow's testimony occurred after Cutler, the only person who could refute him, died. In 1994, with Cutler available and ready for rebuttal, Sakow indicated that the "Docks" name was of no concern to him in the negotiations

because it was the restaurant as a potentially successful business that was important.[1] Id., Exh. A at 192/4 - 15. Now, with no one alive who is able presently to rebut any statements about the negotiations, Sakow's recollections have become more expansive and overreaching. Simply, petitioner should not be allowed to get away with this.

A motion for summary judgment is a preferred vehicle for the disposition of cases where there are no material issues of fact and more evidence than is already available could not be reasonably be expected to change the result in the case. See, e.g., Pure Gold, Inc. v. Syntex (U.S.A.), Inc., 739 F.2d 624, 222 U.S.P.Q. 741 (Fed. Cir. 1984); University Book Store v. University of Wisconsin Board of Regents, 33 U.S.P.Q.2d 1385 (TTAB 1994). In that context, the instant case is ripe for summary judgment as the issues and material facts already have been testified to.

When considering motions for summary judgment, federal courts have exhibited hostility to sworn statements created for the purpose of contesting factual issues raised by the movant, but which conflict with earlier sworn testimony. See, e.g., Patterson v. Chicago Ass'n for Retarded Citizens, 150 F.3rd 719 (7th Cir. 1998) (summary judgment affirmed because issue of fact cannot be created by submitting affidavit which conflicts with prior sworn testimony); Halperin v. Abacus Technology Corp., 128 F.3d 191 (4th Cir. 1997) (same); Raskin v. Wyatt, 125 F.3d 55, 63 (2nd Cir. 1997) (same). In the instant case, petitioner and her husband already have

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[1] The Board should note that Cutler testified in 1994 that permission to use the "Docks" name and Mark were part of the contributions of Levine, Corwin, and Cutler in establishing 633 Seafood. Id., Exh. A at 577/10 - 578/2. Sakow, presumably to minimize the importance of this contribution in comparison to petitioner's loan, argued that the name was not important. Id., at 191/20 - 192/21. Though Sakow years later may now realize the error of that 1994 trial strategy, it does not change that principles of estoppel prevent him from rewriting history.

submitted sworn statements which contradict the 1994 sworn trial testimony given in the Breach Action. Any affidavit submitted now by petitioner, which is likely to continue the trend of contradicting the statements made in 1994, is inherently suspect as a "sham affidavit" fabricated for the sole purpose of creating an alleged issue of contested fact where none should exist. Indeed, leaving aside the question of why petitioner waited so long to raise the instant allegations in the first place, **there is no logical or legal reason to assume that petitioner's testimony fifteen (15) years after the 1986 negotiations will be fresher than his testimony eight (8) years after the fact.**

As the sworn and admissible testimony clearly establishes that Sakow did not negotiate with Cutler with respect to the Mark, and as the allegations in the Petition arise out of those negotiations, petitioner cannot satisfy her burden of proof with respect to her twin allegations of ownership and alleged fraud and summary judgment must be granted.

II

IN THE ALTERNATIVE, THE INSTANT PROCEEDING SHOULD BE SUSPENDED

If the Board believes that summary judgment is not warranted at this early stage of the proceedings, a decision which registrant believes would be wrong, the instant proceeding should be suspended to allow the 1997 Dissolution and Shareholder Actions to go forward. There is no question that a resolution of those actions, which will necessarily involve a determination of petitioner's rights in the Mark, will make the issues in this proceeding superfluous.

A decision on whether a cancellation proceeding should be suspended to allow a civil state action to proceed to conclusion is within the sole discretion of the Board. See, e.g.,

Mother's Rest., Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 221 U.S.P.Q. 394 (Fed. Cir. 1983). A review of the petition and a comparison to the allegations in the Dissolution and Shareholder Actions reveals that common issues are involved and must be resolved by the New York State Supreme Court for a full and final decision in those cases.

In Paragraph 8 of the petition, petitioner alleges that the registration of the Mark in registrant's sole name constituted the diversion of a corporate asset and a breach of Cutler's fiduciary duties to the shareholders of 633 Seafood. In addition, petitioner's second cause of action in the Shareholder Action accuses Cutler (together with Levine and Corwin) of a breach of fiduciary duty by the wrongful conversion and misappropriation of 633 Seafood's assets. Id., Exh. B at ¶¶ 24 - 27. Finally, in the petition in the Dissolution Action, petitioner seeks to cause a dissolution, sale, and distribution of the assets of 633 Seafood because of the alleged diversion of assets by Cutler (together with Levine and Corwin. Id., Exh. C at ¶¶ 17, 25.

More current actions also point to the importance of the determination of the ownership of the Mark in the state court litigation. In the October and November 2001 motion practice and the subsequent appeal in the Dissolution Action, petitioner's representatives contested the registrant's request to sell both Docks I and Docks II and license the Mark to the purchaser on the grounds, *inter alia*, that petitioner and 633 owned an interest in the Mark. Id., Exh. I at ¶ 60, Exh. J at ¶ 11, Exh. K at 27/10 - 15, Exh. O at 37 - 39. Moreover, in filing the Notice, petitioner indicated that appellate review was necessary because, *inter alia*, the state court had not had a hearing to determine who owns the Mark. Id., Exh. M.

Simply, all of these statements, **made by petitioner in cases commenced by the petitioner**, evidence her intent to make the issue of ownership a crucial one for the New York

Court to decide. Indeed, whether by a dissolution or a valuation hearing, a determination of the value of petitioner's stock in 633 Seafood is necessary to the final disposition of the Dissolution Action. Moreover, the Shareholder Action, which seeks damages by virtue of alleged misappropriation of assets, also requires a determination of amounts owed to petitioner, if any, by reason of the alleged misappropriation. Thus, whether by reference to the Dissolution Action or the Shareholder Action, it is imperative for the state court to determine in the first instance whether the registrant is the sole owner of the Mark to reach a full and final disposition of the cases. This is the same issue before the Board on the instant petition.

Equitable principles certainly favor the determination of this important question in the state court actions, which (i) were commenced by petitioner more than four (4) years ago, (ii) are already well into the discovery phase, and (iii) likely will be complete before the instant proceeding is. In contrast, the instant proceeding was filed (i) almost ten (10) years after the Mark was registered, (ii) almost seven (7) years after petitioner knew of the Mark, and (iii) two (2) years after the Mark Litigation brought the possibility of a cancellation proceeding into the forefront. Petitioner has waited too long and has participated in too many other proceedings where ownership of the Mark has been - or should have been - an issue to expect that the Board should now simply ignore other pending civil actions and go forward without regard for the possibility of potentially conflicting decisions and duplicative proceedings.

Going forward with the instant petition not only would be an unwise waste of resources, it would reward petitioner for acting in apparent bad faith. There is no question that petitioner could have brought this proceeding at any point after 1994 had she truly felt that the ownership of the Mark was in question. Despite having commenced two other proceedings, and

being a defendant in a third, she waited until one day after an adverse decision of the state court before filing the instant petition - and then used that petition as a threat against the purchaser of the restaurants. Id., Exh. N. After looking at petitioner's actions since 1994, **the only reasonable conclusion that can be reached is that the instant petition was filed because of the lack of success petitioner was enjoying in the earlier state proceedings that she had brought**. This type of forum shopping should not be allowed. The state court is perfectly competent to determine the issues of ownership which petitioner has placed squarely before it.[2]

In sum, the Board should suspend action in the instant proceeding until the Dissolution and Shareholder Actions are determined because the state court presently has before it the same issue of ownership that is presented to the Board and it should be allowed to go forward to make its own determination on that issue. It is expected that the state court's decision as to the ownership of the Mark will be entirely dispositive of the instant proceeding, if not dispositive of most of the issues herein.

CONCLUSION

For the above-stated reasons, and those set forth in the accompanying papers, registrant respectfully requests that the Court grant the instant motion, pursuant to Rule 56 of the Federal Rules of Civil Procedure and Sections 2.127, 2.117, and 2.116 of the Rules of Practice of the Patent and Trademark Office, (i) for summary judgment dismissing the petition for cancellation herein or, in the alternative, (ii) to suspend the instant proceedings on the grounds

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[2] Nor should petitioner be believed if it states that a suspension of the instant proeeding would amount to an unreasonable delay. Indeed, given the lapse of time with respect to action in this case by petitioner, such an argument would be unfathomable.

that a pending prior civil action between the parties may be dispositive hereof; and (iii) for such other and further relief as the Board may deem appropriate..

Dated: March 17, 2002
New York, New York

LEBENSFELD BORKER & SUSSMAN LLP

By: _____
Victor Rivera, Esq.
342 Madison Avenue, Suite 1800
New York, New York 10173
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Attorneys for Registrant-Respondent

CERTIFICATE OF MAILING BY EXPRESS MAIL

"Express Mail" mailing label number ET 347127682 US

I hereby certify that the attached Motion for Summary Judgment or to Stay Proceedings herein is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service in an envelope addressed to:

Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3513

on March 18, 2002.

_____
MUSURACA BONAPARTE

AFFIDAVIT OF SERVICE

STATE OF NEW YORK)

: ss.: .

COUNTY OF NEW YORK)

Musuraca Bonaparte, being duly sworn, deposes and says:

1. I am not a party to this action; I am over 21 years of age; I reside in Bronx, New York

2. On March18, 2002, I served the within Motion for Summary Judgment or to Stay Proceedings, by depositing a true copy thereof in a post-paid properly addressed wrapper, in an official depository under the exclusive care and custody of the U.S. Postal Service within New York State, addressed to the following person(s) at the last known address set forth after each name:

MICHAEL A. CORNMAN, ESQ.
Attorneys for Marion Sakow
292 Madison Avenue
New York, New York 10169

Musuraca Bonaparte

Musuraca Bonaparte

Sworn to before me this
18th day of March, 2002

Notary Public

LUCILLE A. RODRIGUEZ
Notary Public, State of New York
No. 03-4929509
Qualified in Bronx County
Commission Expires May 31, 2002

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